

## **World Trade Situation and Policy Updates**

### **U.S. Requests WTO Dispute Settlement Panel to Review Japan's Import Restrictions on Apples**

On May 7, the United States formally requested the WTO's Dispute Settlement Body to establish a panel to consider Japan's fire blight import restrictions on U.S. apples. The U.S. request follows a round of bilateral WTO consultations, which took place in Geneva on April 18. The April 18 consultations failed to reach an agreement, with Japan insisting on maintaining intact its fire blight import restrictions. Now, as part of the WTO dispute settlement process, the United States has requested the formation of a panel to review evidence and, ultimately, issue a final report on the consistency of Japan's restrictions with its WTO obligations. The United States has been seeking since 1994 modifications to the U.S./Japan apple export program relative to fire blight. Joint U.S./Japanese scientific research has demonstrated that mature, symptomless apples are not carriers of fire blight. Still, the Japanese insist on a restrictive and costly work plan for fire blight that is effectively hampering U.S. apple sales to Japan. In marketing year (MY) 2000/01, U.S. apple to Japan totaled just 790 tons, valued at \$740,000. These figures contrast with the 10,450 tons, valued at nearly \$11 million, which were sold to Japan when the market first opened in MY 1994/95.

### **EU Formally Sends WTO Lists of Goods Targeted for Sanctions**

On May 14, 2002, the EU formally sent to the WTO lists of goods it might target with sanctions in possible retaliation for U.S. duties on steel. This step was necessary in order for the EU to have the option to impose the sanctions at a later date. The EU has stated that the sanctions could come as early as June 18, 2002, if the United States does not offer compensation for the steel duties. There are two lists. The first list could be applied from June 18 and includes dried onions, apples, and orange juices. The duties would be 100 percent on this first list. The second longer list will apply if the WTO rules against the United States on the steel duties and if the United States does not halt the tariffs on steel. In addition to the first list, the second list includes many additional horticultural products; frozen sweet corn, other dried vegetables, kidney beans, lentils, shelled walnuts, guavas, mangoes and mangosteens, grapefruit, grapes, pears and quinces, cherries, prepared sweet corn, and grapefruit juice. For the horticultural products on the second list the additional duties range from 13-15 percent. According to the documents that the EU submitted, all of the commodities on the first list could collect an additional \$601.9 million in revenue. The second list could generate an additional \$585.5 million. The United States exported \$2.0 billion of horticultural products to the EU in calendar year 2001.

### **The Department of Commerce Announces Final Determinations on Imports of Individually Quick Frozen (IQF) Red Raspberries from Chile Value**

On May 21, 2002, the Department of Commerce (DOC) announced its final determinations in the antidumping duty investigations of individually quick frozen (IQF) red raspberries from Chile. It was found that IQF red raspberries from Chile were being sold in the United States at less than fair market value. As a result, the DOC set antidumping duties ranging from 0.50 to

5.98 percent. The International Trade Commission (ITC) has 45 days to concur or disagree with DOC's findings. If the ITC determines that imports are materially injuring, or threaten material injury to the U.S. industry, then the DOC will issue an antidumping duty order. If the ITC renders a negative ruling then proceedings will be terminated and all securities posted will be refunded or canceled. In 2001, total U.S. imports of frozen raspberries were valued at \$11 million, of which more than \$6 million originated from Chile. In a separate ruling the Department of Commerce made a final determination that countervailable subsidies are not being provided to producers and exporters of IQF red raspberries from Chile.

On May 23, 2002, the U.S. International Trade Commission (ITC) will hold a hearing on the final phase of the countervailing duty and antidumping investigations.

### **U.S. Almond Exports Continue Record Expansion**

U.S. almond exports (shelled basis) in marketing year 2001/02 (August-July) are forecast to increase 10 percent to a record 263,802 metric tons. This will break last year's record of 239,802 metric tons, which was worth an estimated \$691 million. Favorable weather and increased acreage set the stage for a potential record crop of California almonds. Crop forecasters said that the almond crop is expected to reach 426,384 tons in 2001/02. That would be up 40 percent from last year and beat the previous record crop of 1999/00. The United States is the world's largest almond producer and the largest exporter, accounting for approximately 80 percent of world production and 75 percent of world exports. Almonds are the United States' leading tree nut export. Principal markets for U.S. almonds include the EU (mostly Germany, Spain and the Netherlands), Asia (mostly India, Japan and China), Canada, and the United Arab Emirates. Steady growth in demand for U.S. almonds is the trend in European markets, while much stronger growth characterizes Asian and Middle Eastern markets.